Premium Beers Set To Drive growth...

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In The Off Trade Brazilian Beer Market, Reports Mintel

While the appeal of standard beer for consumers in Brazil is far from flat - with local beer brands now accounting for 19 out of every 20 beers sold in Brazil - new research from Mintel reveals that the premium end of the market may be instigating a change in taste for Brazilian consumers.

Indeed, while volumes of standard beer decreased by 2% year on year to 2011, volumes of strong and premium beer grew an impressive 18%.

The off trade strong and premium beer market was valued at R$ 5.29 billion in 2011 showing just how popular these beers are becoming, in 2011 this segment managed to gain a 0.6% share from the standard segment in value, rising from 11.4% market share in 2010 to 12% in 2011. In contrast, the standard beer segment lost market share, going from 87.6% in 2010 to 87% in 2011.

The report also reveals the appeal that international brands have to consumers, especially young and upper-class adults. Today, a quarter (25%) of upper-class Brazilians (AB) claim to drink international brands, compared to 18% in the C1 group, 11% in the C2 group and 7% in the D and E social segments.

Similarly, international brands have also been successful among a younger audience in Brazil, with 26% of those aged 18-24 claiming to drink them. This number continues to be high among adults aged 25-34 (23%) but sees a marked decline for those aged 35 or older: with 13% of those aged 35-44 drinking them, 12% of those aged 45-54 (12%) and just 7% of those aged over 55.

Sebastian Concha, Research Director Latin America at Mintel, said:
â€œThe fact that premium beers are gaining more market share from the standard beer sector highlights the changing consumer mindset in Brazil and how beverage habits relate to this. Huge opportunities lie with Brazilâ€™s hosting of key live sports events in the coming years. With a strong sporting prowess in Brazil and a product closely linked with sporting culture, beer manufacturers who can capitalise on local enthusiasm and blend this to ensure a premium product positioning stand to benefit.â€•

â€œInternational beer brands also hold great potential for growth in the next year in Brazil. They enjoy the glamour of a cosmopolitan allure, have strong marketing prowess and can help this high volume market achieve much more lucrative profit margins.â€• Sebastian continues.

With volume sales of 12.7 billion litres in 2011 (equivalent to 67 litres per capita) up 22% from 10.4 billion litres in 2007 - Brazil is the third largest market in the world in terms of volume consumption, with only China and the U.S ahead. This year the market is set to break the 13 billion mark to reach 13.3 litres.

And the appeal of beer appears set to continue in Brazil, as Mintel forecasts volume growth of 15% over the next five years to reach 15.3 billion litres in 2017. With a retail value of U$ 23 billion in 2012 - up from U$13.7 billion in 2007 - the future also looks positive with total retail value set to hit U$33 billion by 2017.

â€œThe premiumisation of the industry will be a key driver for market growth over the next five years - representing significant opportunities for the sector.â€• Sebastian continues.

Mintelâ€™s report also reveals that low temperature is a key selling point of beer in Brazil. While in many countries, cold beer suffices to quench consumer thirst, super cold beers are a must for almost all Brazilians. Some 95% of beer drinkers claim to only like their beer served very cold, with 84% of consumers strongly agreeing with this statement.

â€œThe high level of consumer demand for super cold beers has led to innovation in NPD in the market, including colour-changing packaging and cold filtering. Some brands have launched a 4-litre barrel-shaped pack with a temperature meter that indicates when a beer is ready to be consumed. Another brand has introduced packaging with a colour-changing label that turns blue when the beer gets cold.â€• Sebastian continues.

Meanwhile, the gender gap within beer consumption is still apparent in the Brazilian market place. Mintelâ€™s research shows that in Brazil, 65% of men drink beer, compared to 38% of women. And while manufacturers have invested in trying to re-address this balance, it appears that perceived gender related attributes will not be the way to success. Indeed, Mintelâ€™s research reveals that women have only limited interest in low-calorie formulations.

While 27% of women that consume beer say they try to avoid it because it makes you gain weight, it is not a significant difference from the 23% of men claiming the same. In addition, women seem to be more conservative in the types of beer they are drinking. While 57% of male beer drinkers claim to like trying new types of beer, this number reduces to 45% when the question is asked to women.

â€œThe most successful strategies to attract more women will be the ones that appeal to universal tastes and stress key selling points of the beer sector itself. International beer brands in particular are in a great position to redefine beer as a genderless category having an especially receptive segment among younger and wealthier women.â€• Sebastian concludes.

Source: Mintel Oxygen Reports

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